

A Study on Investors' Perception towards Mutual Fund Marketing Strategies in Madurai

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Abstract— Mutual funds are the pooling of resources from larger small investors and then making it a big corpus to invest in stock market by professionals. In spite of umpteen efforts by regulators (SEBI, AMFI) and by investment advisory firms, mutual funds have reached merely 5% of Indian population. Since there exist enormous untapped market, this paper brings forth how rural investors perceive the various marketing strategies devised and implemented by investment advisory firms. This paper determines the rural investors in Madurai city towards the three broader marketing strategies by Mutual funds viz. direct selling, selling through intermediaries and joint calls. It was recommended that a new team of trained sales personnel need to be deployed to the rural areas and the code of conduct for them are to be tightened to prevent those misguiding illiterate rural investors for commission motive.

Key words: Mutual Funds, Perception, Marketing Strategies

I. INTRODUCTION

The mutual fund is a type of professionally-managed collective investment scheme which pools money from many investors. The profit gained from investments is shared to unit holders in proportion to the number of units owned by them. Various strategies were devised by the AMFI (Association of Mutual funds of India), SEBI & investment advisory firms to penetrate into semi-urban and rural areas. This study determines the investors' perception towards the various marketing strategies of investment advisory firms. According to Trivedi Akhil, marketing strategies adopted by Mutual Funds (For selling and distribution) can be divided into direct marketing, selling through intermediaries and joint calls.

II. OBJECTIVES OF THE STUDY

In light of this background this study tries to achieve the following objectives:

- 1) To identify the various marketing strategies adopted by the investment advisory firms
- 2) To analyze rural investors' perception towards the various marketing strategies adopted by the mutual fund investment firms
- 3) To offer valuable suggestions to redesign the marketing strategies and to penetrate the untapped semi-urban and rural areas

III. REVIEW OF LITERATURE

H. Design et al. (2006) conducted a study on women investor's perception towards. K. Lashmana Rao (2011) made analysis of perception of Investor towards mutual fund schemes, he made conclusion SEBI, AMFI, and IRDA

should take appropriate steps to enhance Investors knowledge for making more prudent decisions.

IV. HYPOTHESES TESTED

Based on the above objectives, the following hypotheses were framed and tested using appropriate statistical tools in this study:

- There is no significant relationship between the demographic variables and the perception of rural investors towards direct selling strategies of mutual fund investment firms
- There is no significant association between the gender of the respondents with investors' perception towards selling through intermediaries

V. METHODOLOGY

The primary data was collected through questionnaire. The list of investors was obtained from the financial intermediaries, those who were ready to share the investor database. A sample of 200 was selected through simple random sampling adopting lottery technique and data was collected and analyzed. The study was conducted in the three rural areas around Madurai city (Chellampatti, Karumathur & Pappapatti) and investors' perception towards the three broader marketing strategies viz. direct selling, selling through intermediaries and Joint calls was determined.

VI. ANALYSIS AND INTERPRETATION

A. Investors' perception towards direct selling strategies

1) Hypothesis 1

There is no significant relationship between the demographic profile of the respondents and their perception towards direct selling strategy

Demographic factors	d.f	Chi-square value	P value	Inference (5% significance level)
Gender	4	6.668	0.155	Insignificant
Age	16	47.388	0.000	Significant
Marital status	12	48.073	0.000	Significant
Education	16	77.307	0.000	Significant
Employment status	20	100.942	0.000	Significant
Monthly income	16	41.252	0.001	Significant

Table 1: Chi-square test between demographics and perception towards direct selling strategy

It could be inferred from the table 3 from above that other than gender, all the other demographic variables have insignificant relationship with investors' perception

towards direct selling strategies of mutual fund investment firms. It implies that there exists significant relationship between investors' perception towards direct selling strategies of mutual funds and their age, marital status, education, employment status and monthly income. Also

investors' perception is not significantly related to the gender of the respondents.

B. Analysis of Variance (ANOVA)

1) Hypothesis 2

The perception of investors towards selling through intermediaries does not vary with gender

I hold good perception towards selling of mutual funds through intermediaries	Source of variation	Sum of Squares	df	Mean Square	F	Sig
	Between groups	0.867	4	217	1.359	0.248
	Within groups	59.173	371	159		
	Total	60.040	375			

Table 2: One way ANOVA between Gender and Perception towards selling through intermediaries

It is obvious from the table above that the significance value is greater than 0.05 level and so the null hypothesis is accepted. There is no significant difference (sig = 0.248) in perception of respondents towards selling through intermediaries among different gender of the respondents at 5% level. Thus investors' perception towards selling of mutual funds through intermediaries does not vary with among male and female respondents.

VII. RECOMMENDATIONS

On the basis of the findings of the study, the following recommendations are put forth to the investment advisory firms and regulatory authorities:

- The mutual fund companies may have to think of rebuilding a new team of personnel trained with suitable selling techniques
- The regulatory authorities need to tighten rules of the code of conduct of intermediaries to protect investors misguided by intermediaries interested in pure incentives
- Appropriate education programmes need to be organized in the reachable areas for the rural investors.

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